

Caution:

This consultation draft is intended to facilitate dialogue concerning its contents. Should the decision be made to proceed with the proposal, the comments received during consultation will be considered during the final preparation of the regulation. The content, structure, form and wording of the consultation draft are subject to change as a result of the consultation process and as a result of review, editing and correction by the Office of Legislative Counsel.

CONSULTATION DRAFT

ONTARIO REGULATION

To be made under the

PENSION BENEFITS ACT

WRITTEN POLICIES UNDER SECTION 10 OF THE ACT

CONTENTS

1.	Application
2.	Interpretation
3.	Scope of information
4.	Funding and benefits policy
5.	Governance policy
6.	Communications policy
7.	Filing requirements
8.	Review of policies
9.	Commencement

Application

1. This Regulation applies in respect of a pension plan that provides any target benefits.

Interpretation

2. (1) In this Regulation,

“General Regulation” means Regulation 909 of the Revised Regulations of Ontario, 1990 (General) made under the Act; (“règlement général”)

“Target Benefits Regulation” means [**O. Reg. # for new target benefits regulation**] (Target Benefits) made under the Act. (“règlement sur les prestations cibles”)

(2) Expressions in this Regulation have the same meaning as in the General Regulation, unless the context requires otherwise.

Scope of information

3. In the case of a pension plan that provides target benefits and defined contribution benefits, the plan’s funding and benefits policy, its governance policy and its communications

policy are only required to contain information relating to the part of the plan that provides target benefits.

Funding and benefits policy

4. (1) The following information is prescribed as information to be contained in a pension plan's funding and benefits policy:

1. The funding and benefits objectives for the pension plan as they relate to the following:
 - i. The benefits provided under the plan and the stability of those benefits.
 - ii. The stability of the contributions required to provide benefits under the plan.
 - iii. The equitable treatment of members, former members and retired members, in the context of both the current and the future membership of the plan.
2. The process and metrics the administrator must use to assess the following:
 - i. Whether the funding and benefits objectives mentioned in paragraph 1 are expected to be achieved over both the short and long term.
 - ii. Whether changes to funding or benefits are necessary.
3. The frequency of assessments mentioned in subparagraphs 2 i and ii and any circumstances that would require additional assessments.
4. The material risks relating to benefits provided under the plan that could result in reductions to accrued benefits, and the measures to be taken to quantify and manage those risks.
5. The method for determining the provision for adverse deviations.
6. How the provision for adverse deviations and the actuarial methods and assumptions used to determine plan funding requirements,
 - i. support the funding and benefits objectives mentioned in paragraph 1, and
 - ii. mitigate the material risks mentioned in paragraph 4.
7. Additional methods to be used to support the funding and benefits objectives mentioned in paragraph 1.

8. In circumstances where, as determined in accordance with subsection 11 (5) of the Target Benefits Regulation, contributions required under the plan are not sufficient to meet the plan's funding requirements, the process for deciding how to reduce benefits provided under the plan, including accrued benefits.
9. The benefit reductions to be implemented within the time period specified in clause 11 (7) (b) of the Target Benefits Regulation if no other action has been taken that will result in the plan meeting the funding requirements under section 11 of that Regulation within that time period.
10. The circumstances in which benefit improvements could be made, including whether previously reduced benefits would be restored before additional benefit improvements could be made and, if so, how the benefits would be restored.
11. The circumstances, if any, in which plan assets in excess of liabilities may be used such that the value of "B" in the formula set out in subsection 11 (5) of the Target Benefits Regulation is greater than zero, to offset contribution requirements in respect of the normal cost of the plan and the amount equal to the provision for adverse deviations in respect of the normal cost of the plan.
12. An explanation of how use of plan assets in excess of liabilities in the circumstances mentioned in paragraph 11 is supported by the funding and benefits objectives mentioned in paragraph 1 and is consistent with the measures to be taken to quantify and manage the material risks mentioned in paragraph 4.
13. The circumstances, other than those mentioned in section 8, that would require the funding and benefits policy to be reviewed.
14. The circumstances that would require the funding and benefits policy to be amended.

(2) The administrator of a pension plan shall provide a copy of the most recent version of the funding and benefits policy to the actuary preparing a report or actuarial cost certificate required in respect of the plan under section 3, 13 or 14 of the General Regulation.

(3) The administrator shall provide the copy of the funding and benefits policy to the actuary on or before the later of,

- (a) 60 days after the policy is filed or amended; and
- (b) the day the actuary is engaged to prepare the report or actuarial cost certificate.

Governance policy

5. The following information is prescribed as information to be contained in a pension plan's governance policy:

1. The roles, responsibilities and reporting relationships of the persons involved in the administration of the pension plan or pension fund.
2. The operational policies in place to support the administration of the pension plan or pension fund, including any applicable organizational structures.
3. The skills, knowledge, experience and other attributes required of each person or class of persons involved in the administration of the pension plan or pension fund.
4. The processes to verify that ongoing training of the persons involved in the administration of the pension plan or pension fund occurs to ensure those persons are able to meet their obligations.
5. The measures in place to monitor, review and assess the skills, knowledge and performance of the persons involved in the administration of the pension plan or pension fund.
6. The strategies and measures in place, including the provision for adverse deviations, to identify, quantify and manage material risks to the pension plan or pension fund.
7. The processes in place to determine what changes to the administration of the pension plan or amendments to the plan may be appropriate based on the results of the stress testing required to be included in a report or based on the use of any other relevant analysis.
8. The processes in place to ensure that persons involved in the administration of the pension plan or pension fund have access to relevant, timely and accurate information.
9. The code of conduct established for persons involved in the administration of the pension plan or pension fund, including the process for identifying, monitoring and addressing conflicts of interest.

Communications policy

6. (1) The following information is prescribed as information to be contained in a pension plan's communications policy:

1. The main objectives for communication strategies with, and outreach to, members, former members, retired members and other persons entitled to benefits under the plan.
2. The communication processes and the methods of communication that must be used to communicate with members, former members, retired members, other persons entitled to benefits under the plan, employers, trade unions and associations.

3. An explanation of the different communication needs of members, former members, retired members and other persons entitled to benefits under the plan based on their demographics, and how the communication processes and methods identified in paragraph 2 might be adapted to meet those different needs.
4. Other than prescribed information, any information regarding the plan that must be included in statements to members, former members, retired members and other persons entitled to benefits under the plan to help them understand that benefits may be reduced.
5. The measures that must be taken by the administrator to evaluate whether the communications meet the objectives mentioned in paragraph 1.
6. The course of action that must be taken by the administrator to assess how communications can be improved if the communications do not meet the objectives mentioned in paragraph 1.

Filing requirements

7. (1) For the purposes of subsections 10 (6) and (7) of the Act, a pension plan's funding and benefits policy, its governance policy and its communications policy must be filed within one year after the effective date of the conversion of benefits of the plan to target benefits.

(2) For greater certainty, documents filed for the purposes of subsection 10 (6) or (7) of the Act are, for the purposes of subsection 12 (3) of the Act, documents that change the documents that create and support a pension plan.

(3) For the purpose of subsection 12 (3) of the Act, a certified copy of any document that changes a funding and benefits policy, governance policy or communications policy must be filed within 60 days after the date on which the change is made.

Review of policies

8. (1) The administrator of a pension plan shall periodically conduct a review of the plan's funding and benefits policy, its governance policy and its communications policy.

(2) The first review of a policy under subsection (1) shall be completed within three years after the day the applicable policy is filed.

(3) Each subsequent review shall be completed within three years after the day the previous review was completed.

(4) At the request of the Chief Executive Officer, the administrator shall provide the Chief Executive Officer with evidence that the plan's funding and benefits policy, its governance

policy or its communications policy has been reviewed in accordance with subsections (1) to (3).

Commencement

9. [Commencement]